

Message Text

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INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMECONSUL PALERMO
AMCONSUL TRIESTE
AMCONSUL TURIN
U.S. TRADE CENTER MILAN

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SUBJECT: COUNTRY COMMERCIAL PROGRAM (CCP): PRELIMINARY FY-1979
INPUT

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1. FOLLOWING ARE RECOMMENDED CCP CAMPAIGNS AND 'OTHER SPECIAL
POST EFFORTS' FOR FY 1979. CAMPAIGNS ARE IN ORDER OF PRIORITY;
'OTHER SPECIAL EFFORTS' ARE NOT RANKED.

2. /COMPUTERS AND PERIPHERAL EQUIPMENT/. (CAMPAIGN NO. 1).
U.S. FIRMS AND THEIR OVERSEAS SUBSIDIARIES HOLD THE LARGEST
MARKET SHARES IN COMPUTERIZED EQUIPMENT IN ITALY. AT THE SAME TIME,
THE MARKET FOR "INTELLIGENT" TERMINALS AND PERIPHERALS WILL
CONTINUE TO EXPAND RAPIDLY, AS WELL AS THE MARKET FOR MINICOM-
PUTERS--AREAS IN WHICH FOREIGN COMPETITION IS MOUNTING. THEREFORE,
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CONTINUED PROMOTION IS NECESSARY TO KEEP OUR SHARE OF COMPUTER
IMPORTS, WHICH IN 1979 ARE PROJECTED AT DLR 550 MILLION.
THE ANNUAL COMPUTER SHOW AT THE MILAN TRADE CENTER IN MAY HAS
BECOME THE MAJOR EXHIBITION IN ITALY IN THIS FIELD AND REMAINS
CENTRAL TO USG EFFORTS TOWARD MAINTAINING THE U.S. COMPUTER LEAD.

3. /ELECTRONICS/. (CAMPAIGN NO. 2). U.S. ELECTRONICS HAVE A

STRONG REPUTATION FOR TECHNOLOGICAL SUPERIORITY AND PRODUCT QUALITY. REGULAR PROMOTION, ON AT LEAST A TWO-YEAR CYCLE, IS NECESSARY TO HIGHLIGHT NEW ADVANCEMENTS AND TO MAINTAIN, FOR EXAMPLE, THE TRADITIONAL U.S. 30-35 PERCENT PERCENT MARKET SHARE OF ELECTRONIC COMPONENTS (OF A TOTAL OF DLR 235 MILLION IN IMPORTS EXPECTED IN 1979). MOREOVER, THE PACE OF GROWTH IN THE ELECTRONICS SECTOR IS PREDICTED TO CONTINUE OUTPACING GROWTH IN THE OVERALL-ECONOMY, WITH EXCELLENT OPPORTUNITIES IN NOT ONLY COMPONENTS, BUT COMMUNICATIONS, AND INSTRUMENTATION (MICROPROCESSORS) AS WELL.

4. /INDUSTRIAL AND COMMERCIAL SECURITY EQUIPMENT/. (CAMPAIGN NO. 3). ITALIAN DEMAND FOR SECURITY EQUIPMENT FOR APARTMENTS, OFFICES AND STORES REMAINS HIGH. THE LOCAL INDUSTRY IS GRADUALLY ACQUIRING EXPERIENCE AND TECHNOLOGY IN THE CONSTRUCTION OF SECURITY EQUIPMENT, THOUGH IT STILL CONSISTS MAINLY OF SMALL AND MEDIUM-SIZED ENTERPRISES WHICH ASSEMBLE IMPORTED PARTS AND COMPONENTS. AMERICAN ADVANCED SECURITY EQUIPMENT IS UNANIMOUSLY RECOGNIZED AS BEING AT THE HIGHEST TECHNICAL LEVEL, AND THE DEMAND FOR MORE SOPHISTICATED EQUIPMENT IS EXPECTED TO INCREASE. COMPETITION IS STRONG, HOWEVER, AND REGULAR PROMOTION OF THE LATEST IN U.S. EQUIPMENT IS NECESSARY TO KEEP THE ITALIAN COMPONENT ASSEMBLERS AWARE OF THE MADE-IN-AMERICA OPTION.

5. /MAJOR PROJECTS./ (CAMPAIGN NO. 4). ITALY HAS BEEN, AND CAN BE EXPECTED TO CONTINUE TO BE, NOTABLY SUCCESSFUL IN BIDDING ON LARGE SCALE CONSTRUCTION AND PLANT TURN-KEY PROJECTS IN OTHER COUNTRIES, ESPECIALLY IN THE MIDDLE EAST. THROUGH ALERT REPORTING AND IMAGINATIVE CONTACT WORK, THE EMBASSY CAN ASSIST U.S. FIRMS IN TAKING MAXIMUM ADVANTAGE OF THIS FACTL TECHNOLOGY TRANSFER, UNCLASSIFIED

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HARDWARE SALES, LICENSING AND JOINT-VENTURES ARE ALL POSSIBLE BENEFITS OF U.S./ITALIAN COOPERATION IN THIS AREA. WITHIN ITALY, THE MODERNIZATION OF THE ELECTRONIC COMMUNICATIONS SWITCHING SYSTEM, AS WELL AS OTHER PROJECTS, ALSO REPRESENT SIGNIFICANT OPPORTUNITIES FOR THE PARTICIPATION OF U.S. FIRMS. IN MOST MAJOR PROJECTS, AN ACTIVE ROLE BY THE USG IS INDICATED, SINCE THEY GENERALLY INVOLVE GOVERNMENT OR QUASI-GOVERNMENTAL AGENCIES OR INSTITUTIONS.

6. /ENERGY SYSTEMS/. (CAMPAIGN NO. 5). THE POTENTIAL MARKET FOR POWER SYSTEMS, COMPONENTS, AND SERVICES IS STRONG, PARTICULARLY FOR AMERICAN SUPPLIERS. THIS PRODUCT CATEGORY IS CURRENTLY THE SUBJECT OF KEEN INTEREST AT BOTH GOVERNMENTAL AND INDUSTRY LEVELS. AMERICAN TEHNOLOGY AND PRODUCTS OF SOPHISTICATED OR UNIQUE DESIGN REPRESENT AN EXCELLENT SALES OPPORTUNITY. NUCLEAR POWER PLANTS, NUCLEAR FUEL, WASTE-HANDLING AND STORAGE SYSTEMS, GEOTHERMAL EQUIPMENT, COMPUTER-CONTROLLED SYSTEMS FOR EXISTING PLANTS, ADVANCED FUELS-EXPLOITATION SYSTEMS, URBAN SOLID-WASTE-TREATMENT PLANTS, PEAK-LOAD GAS TURBINES, AND SOLAR ENERGY TECH-

NOLOGY, ARE ALL SIGNIFICANT PRODUCT CATEGORIES RELEVANT TO THE
U.S. MARKET IN ITALY.

7. /METAL WORKING AND FINISHING EQUIPMENT/ (CAMPAIGN NO. 6).
IN THE LAST FEW YEARS DOMESTIC PERFORMANCE OF ITALY'S METALLURGICAL
INDUSTRY HAS BEEN IMPRESSIVE. ONE OF THE COUNTRY'S LARGEST
INTERMEDIATE INDUSTRIES, ITS PRODUCTION IS LINKED CLOSELY TO THE
AUTOMOTIVE SECTOR. EXPECTED PLANT EXPANSIONS IN THIS AND OTHER
SECTORS SHOULD PROVIDE A GROWING MARKET FOR SOPHISTICATED METAL-
WORKING EQUIPMENT, ESPECIALLY GEAR CUTTING MACHINES, METAL FORMING
EQUIPMENT, AND BOLT MANUFACTURING MACHINES. CONTINUED PROMOTION
OF THE MOST ADVANCED U.S. EQUIPMENT COULD ENABLE THE U.S. TO
IMPROVE ITS 9 PERCENT SHARE OF THE MARKET (VS. 50 PERCENT FOR
GERMANY).

8. /HEALTH CARE AND LABORATORY EQUIPMENT/. (CAMPAIGN NO.7).
REFORM OF THE NATIONAL HEALTH SYSTEM IS AMONG THE ITALIAN
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GOVERNMENT'S PRIORITY PROGRAMS. IF SUCH REFORM DOES IN FACT RESULT
IN THE REPAYMENT OF CURRENT HOSPITAL DEBTS, THE MARKET.....

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.....MARKET

FOR BIO-MEDICAL EQUIPMENT COULD WELL IMPROVE DRAMATICALLY. SINCE INCREASED DOMESTIC COMPETITION IS VERY AGGRESSIVE, THE ACTIVE PRESENCE OF U.S. MANUFACTURERS DURING THE COMING YEARS IS NECESSARY LEST THE U.S. LOSE ITS SHARE OF A MARKET WHICH COULD BE BOOMING BY THE 1980'S.

9. /FOREIGN VISITORS/BUYERS PROGRAM/ (CAMPAIGN NO. 8). OFFERINGS OF GROUP CHARTER FARES, PERHAPS COMBINED WITH PRE-ARRANGED STUDY TRIPS, TIED TO SELECTED U.S. TRADE FAIRS, WILL BE A USEFUL COST-EFFECTIVE WAY TO DIRECT BLUE-RIBBON PROSPECTS TOWARD U.S. SUPPLIERS. U.S.-FLAG AIRLINES, ALITALIA, AND LOCAL TRAVEL AGENTS ARE COOPERATING WITH THE EMBASSY IN DEVELOPING PROGRAMS SUITABLE FOR SOPHISTICATED ITALIAN EXECUTIVES. ALTHOUGH A FEW, POSSIBLY A MAJORITY, OF THE SPECIFIC TRIPS WILL BE LINKED TO OTHER CCP CAMPAIGNS, THIS PROGRAM DESERVES ITS OWN SEPARATE EXISTENCE AS A CAMPAIGN, SO THAT AN UNCLASSIFIED

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INSTITUTIONALIZED SERVICE CAN BE MAINTAINED.

10. /SELECTED CONSUMER GOODS/ (CAMPAIGN NO. 9). U.S. CONSULERS PRODUCTS, DESPITE OFTEN HIGHER PRICES THAN THEIR ITALIAN COUNTERPARTS, ENJOY A STRONG REPUTATION FOR DURABILITY AND QUALITY. CERTAIN U.S. PRODUCTS HAVE SUCCESSFULLY PENETRATED THE ITALIAN MARKET AND CONTINUE TO ENJOY HIGH FAVOR, DESPITE SLUMPS IN THE ECONOMY. SUCH GOODS AS READY-TO-WEAR CASUAL CLOTHING, HOUSEWARES, HIGH-FIDELITY EQUIPMENT, SPORTING GOODS, AND CITIZEN'S BAND RADIO ARE ESPECIALLY WELL SUITED FOR THE ITALIAN MARKET. PROMOTION OF CONSUMER GOODS IS HIGHLY VISIBLE, OFTEN ACCENTING U.S. CULTURE AND STYLE, THUS PRODUCING BENEFITS FOR TRADE AND CULTURAL INTERCHANGE BEYOND THE IMMEDIATE SECTOR PROMOTED.

11. /ALTERNATE CAMPAIGN NO. 1: AVIONICS EQUIPMENT/.

THE ITALIAN GOVERNMENT PROGRAM TO MODERNIZE AIRPORTS AND NAVIGATION/CONTROL SYSTEMS CONTINUES TO EXPAND. ITALIAN PURCHASES OF AVIONICS EQUIPMENT HAVE RISEN STEADILY DURING THE 1970'S AND CONTINUED MARKET EXPANSION IS EXPECTED. U.S. TECHNOLOGY IS HIGHLY RESPECTED, BUT COMPETITION FROM OTHER EUROPEAN SYSTEMS IS INTENSE. USG PROMOTION OF OUR TECHNOLOGY IS AN ESSENTIAL PARALLEL TO PRIVATE INDUSTRY EFFORTS, AS DECISIONS ARE MADE AT HIGH LEVELS AND GOVERNMENT-TO-GOVERNMENT ATTITUDES ARE IMPORTANT. TIMING OF A CAMPAIGN IN THIS FIELD, HOWEVER, WOULD DEPEND ON THE PACE OF GOI SPENDING, AS WELL AS ON DECISIONS AT INTERNATIONAL LEVELS ON

COMPETING TECHNOLOGIES.

12. /ALTERNATE CAMPAIGN NO. 2: PRINTING AND GRAPHIC ARTS
EQUIPMENT/.

U.S. GRAPHIC EQUIPMENT EXPORTS TO ITALY HAVE ENJOYED A STABLE
MARKET POSITION FOR SEVERAL YEARS. ITALIAN END-USERS HAVE BEEN
CONSISTENTLY INTERESTED IN NEW TECHNOLOGICAL PRINTING AND
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COMPOSITION PROCESSES, AREAS IN WHICH U.S. PRODUCTS HAVE BEEN
MOST COMPETITIVE IN OVERSEAS MARKETS. THE DRIVE TOWARD MORE
EFFICIENT PRINTING (IN THE FACE OF ESCALATING LABOR AND RAW
MATERIAL COSTS) CAN BE EXPECTED TO BE WELL UNDERWAY BY 1979.
IN MAY-JUNE, 1979, A MAJOR (ONCE EVERY TEN YEARS) INTERNATIONAL
PRINTING AND GRAPHIC ARTS EQUIPMENT SHOW WILL BE STAGED IN
MILAN. THE OPPORTUNITY PRESENTED BY THAT EXHIBITION SUGGEST
THIS FIELD AS AN ALTERNATE CAMPAIGN, DESPITE ONLY MODEST
EXPECTATIONS IN ACTUAL DOLLAR SALES (RELATIVE TO OTHER CAMPAIGNS).

13. OTHER SPECIAL POST EFFORTS: 1. /COMPANY PROBLEMS/
(INVESTMENT PROTECTION). U.S. SUBSIDIARIES IN ITALY WILL
CONTINUE TO HAVE PROBLEMS WITH REDUCTION IN WORKFORCE, SHUTDOWNS,
AND, IN SOME CASES, LIQUIDATION AND TRANSFER OF ASSETS. THE
EMBASSY AND CONSTITUENT POSTS MUST DEVOTE SUBSTANTIAL TIME
TO FOLLOWING DEVELOPMENTS, SEEKING AMICABLE SOLUTIONS, AND
DEALING DIRECTLY WITH HOST GOVERNMENT AT LOCAL, REGIONAL AND
NATIONAL LEVELS. 2. /TRADE OPPORTUNITIES/. THE COMPUTER-
ASSISTED PROGRAM OF DISSEMINATING TRADE OPPORTUNITIES TO THE
US BUSINESS COMMUNITY WILL NECESSITATE INCREASED EMPHASIS ON
SEEKING AND SORTING OUT A CONTINUING FLOW OF MEANINGFUL
OPPORTUNITIES IN AREAS OUTSIDE OF THE CAMPAIGNS DESIGNATED
ABOVE, PARTICULARLY "SPECIAL HANDLING" TRADE OPPORTUNITIES OF
UNUSUAL EXPORT POTENTIAL.

3. /FOREIGN TRADERS' INDEX/. THE TRADITIONALLY HEAVY VOLUME
OF US-ITALIAN TRADE CONTACTS WILL CONTINUE,
REQUIRING CONTINUED POST EFFORT TO KEEP THE INDEX
UP-TO-DATE.GARDNER

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Review Release Date: n/a
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